Cover Images: Frontcover—Mimi Kim of Korean Solidarity Committee speaking at a July 27, 2003 nationally organized peace vigil commemorating the 50th anniversary of the Korean War's end, UN Plaza, San Francisco. Photograph by Belvin Louie. Backcover (from top to bottom)—Girl Scouts in street parade. © 1999, Corky Lee. Nicholas Liem and his mother Deann Borshay Liem raise famine relief at Korean Solidarity Committee and Koeran Americans United for Peace vigil, San Francisco, 2003. Photograph by Belvin Louie. Mindullae and friends drive up from Los Angeles for a giant peace march in San Francisco, October 2002. Photograph by Belvin Louie.

What Does It Mean to Be Korean Today? Part II. Community in the 21st Century

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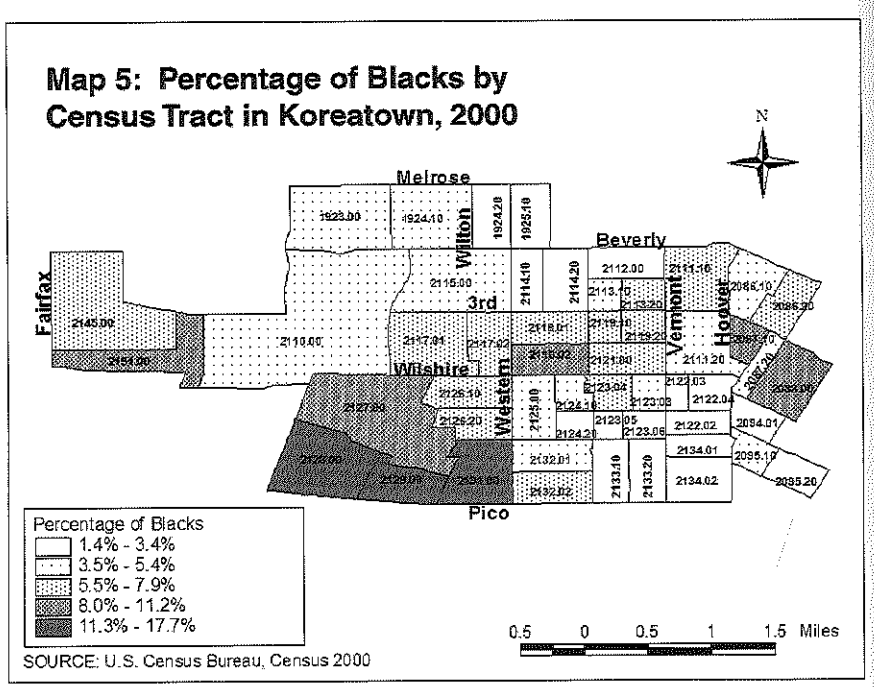

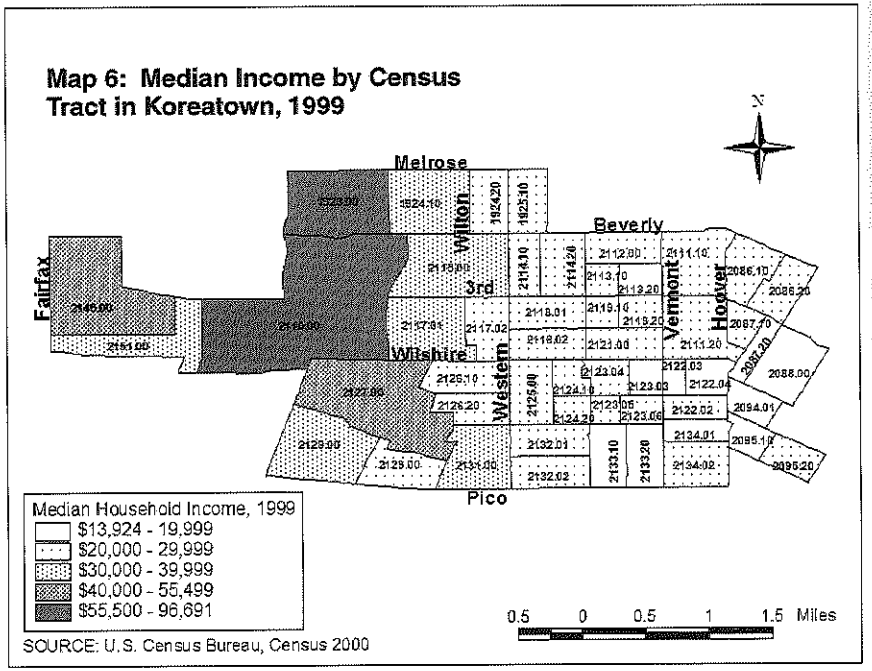

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Korean Swapmeets in Los Angeles:
Economic and Racial Implications[1]

Edward Taehan Chang

Since the mid-1980s, Korean immigrants have been active in developing the swapmeet business in Los Angeles. During the 1992 Los Angeles civil unrest, approximately 2,280 Korean American-owned businesses suffered total or partial damages.[2] Swapmeets were the single largest Korean American-owned businesses that suffered major damages.[3] While reporters and journalists focused their attention on the looting and burning-down of liquor stores and grocery markets, real stories were unfolding in many swapmeet stores in South Central Los Angeles. Very few Americans had heard of the swapmeets before the 1992 Los Angeles riot. Many wondered, what is a swapmeet? What factors account for the overrepresentation of Korean immigrants in swapmeet business? What roles does the swapmeet play in South Central economy?

This essay examines the nature of indoor swapmeets in Los Angeles. During the past fifteen years, I have conducted interviews with various people involved in the swapmeet business.[4] What are indoor swapmeets? What are economic and social functions of swapmeets in South Central Los Angeles? What factors contributed to the proliferation of indoor swapmeets in South Central Los Angeles? What are racial implications of overrepresentation of Korean American-owned swapmeets in South Central Los Angeles? These are some of the major questions that this paper intends to address and explore.

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Theories of Ethnic Entrepreneurship in America

Korean immigrants in the United States have been noted for their propensity to establish and run small businesses.[5] Several theories have been proposed to explain the high rate of self-employment among Korean and other recent immigrants. Ethclass resource theory[6] attributes the high educational and class background of Korean immigrants along with ethnic ties and mobilization as a major factor that facilitated Korean immigrants' entry into small businesses in the United States. Post-1965 Korean immigrants are commonly known as "new urban immigrants" with their middle-class, urban, and professional background. Seeking opportunities in a new land, these self-selected Korean immigrants are highly motivated to utilize available ethclass resources they brought with them from Korea. Indeed, Korean immigrant-owned small businesses are competitive and "successful" because they heavily rely on unpaid family labor and/or underpaid co-ethnic workers. Thus, Korean immigrant entrepreneurs have successfully mobilized ethclass resources to gain entry into small businesses in the U.S. Waldinger also documented that ethnic firms serve as indispensable informal means for co-ethnic workers to learn business trade and information.[7] Korean immigrants seem to dominate indoor swapmeets in Los Angeles primarily utilizing Korean immigrant networks for obtaining information and resources necessary for entering into the swapmeet businesses.

Light proposed that Chinese, Japanese, and later Korean immigrants brought with them the traditional institution of "rotating credit association" (*kye*) to accumulate initial capital necessary to enter small business. While African Americans faced difficulty securing loans from financial institutions, Asian immigrants initiated rotating credit association as informal financial institutions to accumulate initial capital. The memberships of *kye* usually consisted of immigrants from the same region, relatives, family members, and/or schoolmates. In other words, membership was based on utilization of ethclass resources such as neighborhood acquaintances, relatives, family members and friends. Some researchers raised questions as to what extent Korean immigrant entrepreneurs rely on rotating credit association as a means to raise initial capital since recent immigrants came with some financial resources from Korea. Bonacich and Modell also found that the success of Japanese American businesses is based on their ethnic solidarity utilizing unpaid family labor or cheap ethnic labor.[8] They also contend that Japanese American ethnic solidarity and the success of Japanese American businesses increased antagonism from mainstream society.

Korean immigrant-owned indoor swapmeets are primarily located in African American and Latino neighborhoods serving poor populations. The ecological succession theory attributes the consequence of "white flight" into suburbs during the 1960s and 1970s as providing an opportunity for new groups such as Korean immigrants to open stores in the inner city.[9] Since large corporations and white business owners are unwilling or reluctant to invest in poor communities with high crime rates and low profit margins, Korean immigrant-owned small businesses quickly filled the structural vacuum created by residential and racial segregation. Korean entrepreneurs renovated vacated shopping malls and converted them into indoor swapmeet stores in South Central Los Angeles.

Korean immigrants face both discrimination and disadvantage in the labor market due to language barriers and unfamiliarity with the U.S. culture. Faced with disadvantages in labor market, Korean immigrants sought small businesses as another venue to achieve economic mobility in a new society. Unable to transfer their skills from Korea and to secure professional occupations in the U.S., middle-class professionals made the decision to become entrepreneurs. Thus, disadvantage theory hypothesizes that many Korean immigrants enter small businesses because of both perceived disadvantage in labor market and discrimination against immigrant workers.

Existing theories primarily consider social and economic conditions in the U.S. as a major factor for proliferation and success of Korean immigrant entrepreneurs in the U.S. To understand the rapid growth and domination of indoor swapmeets in Los Angeles during the 1980s, however, one must factor in globalization and the internationalization of world economy and growing trade relations between the U.S. and Asia. It is no coincidence that indoor swapmeet stores proliferated at a time when cheap imports from Asia increased dramatically during the 1980s. With the rapid industrialization of the Asian economy, cheap imported products from South Korea, Taiwan, and Hong Kong flooded U.S. markets. Increasing economic linkages between Asia and the U.S. facilitated the growth of Asian immigrant importers in the U.S.[10] Asian immigrant importers familiar with language, custom, and business etiquettes in Asia had a distinct advantage and dominated international trade between Asia and

the U.S. Indoor swapmeets served as a major avenue for selling cheap imported products from Asia such as accessories, beauty supplies, sunglasses, and tools in the U.S. Thus, global economic restructuring during the 1980s played a critical role in proliferation of indoor swapmeet stores in Los Angeles.

Indoor and Outdoor Swapmeets

There are two types of swapmeets: indoor and outdoor. Outdoor swapmeets, also known as flea markets, originally dealt mainly in secondhand goods. They were an extension of garage sales, where the sellers of used goods would come together in one area, such as a drive-in movie theater, to sell their wares. The obvious advantage of a central location was the ability to attract customers.

Outdoor swapmeets have evolved to include professional sales people marketing bargain goods. These people commingle with the amateurs and are not completely distinguishable from them. Still, they compete with the prices offered by the "garage sale" people, offering very cheap merchandise. According to the *Southland Swapmeet Directory*, there were thirty-seven regularly scheduled outdoor swapmeets in Southern California in 1990. According to S. K. Yoo, president of the Korean Indoor Swapmeet Association, the number of outdoor swapmeets increased little, to an estimated forty in 2000.[11]

The next stage in the evolution of swapmeets was to move them indoors. This concept was borrowed from markets in Asia. Outdoor swapmeets had several drawbacks. They depended on clement weather, they required that vendors unpack and pack their items each day of the swapmeet, and they depended on low real estate values. As the price of land sky-rocked in Southern California during the 1980s, it became increasingly difficult to lease or buy land to hold outdoor swapmeets. Moreover, outdoor swapmeets tended to be weekend affairs, whereas indoor swapmeets could be held all week.

Indoor swapmeets are essentially a new form of retailing, in which individual sellers lease booths in a large building and sell their wares independently. According to the Planning Commission of the city of Los Angeles, the indoor swapmeet is "where new or secondhanded goods are offered or displayed for sale or exchange by ten or more independent vendors within a completely enclosed building which has a large open assembly area offering, for a fee, rented, or leased spaces for individual vendors."[12] In other words, the sales personnel are not employees of single retailers but are, instead, entrepreneurs who buy and sell their own goods. Most indoor swapmeet buildings have minimall permits from local agencies, enabling them to sell new items. While indoor swapmeets have lost the connotation of amateur salespeople getting rid of their excess secondhand goods, the swapmeet name still connotes bargain prices. An indoor swapmeet is a place to buy very cheap goods.

Indoor swapmeets have experienced tremendous growth during the 1980s. The *Southland Swapmeet Directory* lists forty-eight indoor swapmeets in Southern California in 1990, and the number grew to 160 in 2003.[13] *Korea Times* estimated that there were about eighty indoor swapmeets in the Southern California as of October 1990. Indoor swapmeets vary from having twenty booths up to 680 booths.[14] The *Southland Swapmeet Directory* lists 6,510 booths. Since a typical vendor occupies two or three booths, I estimate that there are 2,000-3,000 indoor swapmeet vendors in Southern California. The number has increased rapidly as more swapmeets opened during the 1990s. While outdoor swapmeets have been located in suburban areas, indoor swapmeets are typically located in poor and urban neighborhoods. They cater to low-income families and are usually found in African American and Latino areas. In recent years, however, indoor swapmeets have branched out to the greater Los Angeles areas toward inland empires and beyond.

Koreans in the Swapmeet Business

The number of Korean-owned outdoor and indoor swapmeets has grown rapidly over the last few years. According to Mr. Yu, president of Korean Swapmeet Association, there are approximately fifty indoor swapmeets in Los Angeles and 130 in Southern California region.[15] The number of Korean indoor swapmeet stores increased to 160 with average of seventy vendors in each swapmeet. Therefore, the number of Korean indoor swapmeet vendors in Southern California is estimated to be more than 10,000 as of 2003 according to the Korean Indoor Swapmeet Association. Clothing is the predominant item being sold. Other items include luggage, sporting goods, jewelry, shoes, and electronic items. Some Korean Americans run more than one booth, especially when they have many family members to help run them.

For many recent Korean immigrants, operating an outdoor or indoor swapmeet booth represents a path for starting a new

life in the United States. Instead of working as janitors, garment workers, restaurant workers, gardeners, painters or gas station attendants earning minimum wage for several years and hoping to save enough start-up capital for a small business, Korean immigrants now have a chance to own businesses themselves with very little initial capital or overhead costs. A recent immigrant used to be able to start an outdoor swapmeet booth with as little as a few thousand dollars and without much experience or a business background. According to Mr. Jin-Ho Chun, manager of a swapmeet supply store, "the swapmeet store has become one of the most popular ways to make the American dream come true for many recent Korean immigrants."[16]

Outdoor swapmeets appear to serve several functions for recent Korean immigrants. They provide a unique opportunity to make extra income during the weekends. They allow immigrants to learn how to operate a small business in the U.S. without much risk. Finally, they allow immigrants to learn about American culture by dealing with mostly a non-Korean clientele. Indoor swapmeets share some of these advantages but tend to be a more advanced form of business investment, with a commitment to keep the booth open on a daily basis.

The first indoor swapmeet was opened in Koreatown in 1982. The idea was transplanted to surrounding economies, with the opening of the Compton Fashion Indoor Swapmeet in June 1985. The Compton Fashion Indoor Swapmeet was established in a huge building vacated by Sears Roebuck Company in 1978. The building had been abandoned and stood vacant for seven years before five Korean American investors converted it into an indoor swapmeet with the active support of the city of Compton. Although some objected to the proliferation of indoor swapmeets, it is important to note that it also contributed to the revitalization of the South Central Los Angeles economy.

Underground or Informal Economy?

Some people see swapmeets as part of the underground economy because they seem to operate outside the mainstream, traditional economic structure. Recently, the Internal Revenue Services (IRS) announced a crackdown on tax evasion among swapmeet operators. Because cash is the major medium of transaction of swapmeets, there is an opportunity for merchants to underreport their sales incomes. However, the term "underground economy" is misleading because it suggests a criminal slant to the business.

While there may be degree of tax evasion, swapmeets are perfectly legal institutions. Increasingly, many swapmeet merchants are accepting credit cards and issuing receipts to customers.

A more appropriate term for describing swapmeets is "informal economy," which also connotes illegality to some degree, but it is sometimes defined without such a connotation. Along with other authors, I define it as those work situations characterized by the absence of a clear separation between capital and labor, the absence of a contractual relationship between employer and employee, and the absence of a labor force that is paid wages and whose conditions of work and pay are legally regulated.[17] I argue that the most swapmeets fit this definition. As owner-operated businesses, the distinction between capital and labor is unclear. Very few swapmeet operators can afford to hire workers. In most cases they only hire temporary helpers on weekends.

Portes and Sassen-Koob have argued that "this informal sector has not only persisted but also expanded in industrial and post-industrial society."[18] It seems to have close associations with the "survival strategies of recent immigrants and their subsequent attempts to 'make it' in America. Immigrants have provided labor and entrepreneurial drive to initiate and proliferate the informal sector." From this perspective, swapmeets are an example of the persistence and proliferation of the informal sector in the post-industrial American economy.

Requirement for Entry

Outdoor swapmeets require very little investment capital and equipment. In fact, one can start an operation with as little as $1,000, depending upon the items one chooses to sell.[19] It costs about $150-$200 to purchase the basic equipment, such as a tent, tables, clothes rack, and so forth. In recent years, however, one must pay a premium to lease space because of increasing demands for spaces at outdoor swapmeets. Consequently, the start-up costs have gone up. In addition, one may need additional equipment depending on the items one sells. For example, if a vendor sells clothing, he/she will need a van truck and a clothes rack.

Once, anyone could have leased an outdoor swapmeet space because spaces were reserved on the basis of first come, "first served." However, as competition for good locations has intensified, rental costs have risen to a premium. Still, the start-up costs for entering the outdoor swapmeet business do not compare with

those for opening a liquor store, grocery market or laundry business, other popular forms of Korean immigrant enterprise.

To open an outdoor swapmeet booth, one must obtain a permit from the Board of Equalization to cover sales taxes. Some swapmeets require a business permit from the city. One may lose the booth if one does not pay a monthly reservation fee of $20-25 a day. As with garage sales, outdoor swapmeet operators require a secondhand article permit from the city. Indoor swapmeet booths, like mini-mall stores, do not require secondhand permits, making it easier to obtain a permit from the city.

The Role of Ethnicity in the Swapmeet Business

Many scholars have noted that ethnicity and class play a key role in facilitating immigrants into small business.[20] Korean immigrants have virtually monopolized swapmeets, though there are exceptions. For example, I found that about 10-20 percent of vendors in two of the largest indoor swapmeets (Compton and Slauson) are operated by non-Koreans. The owner of indoor swapmeet buildings in South Central Los Angeles and the Latino area are usually non-Koreans. Koreans lease the buildings from the owners and sub-lease the booths to the individual operators.

In general, though, it is easy for new immigrants to get involved in the swapmeet business because it requires no special skill, experience or talent. Of course, experience is always an asset for any kind of business operation, but it is not a necessary condition for starting a swapmeet. Location of one's booth may prove to be a more crucial factor separating successful from unsuccessful merchants. To enter this line of business, being Korean is an advantage. For one thing, the building lessees advertise the availability of booths only in Korean language newspapers, effectively shutting out non-Korean tenants. It is important to note, however, Korean American building lessees began to advertise in non-Korean language newspapers recently. Building operators often prefer renting the spaces to fellow Korean Americans because they believe Korean American merchants are more reliable in terms of paying rent on time and tend to cause fewer problems. A third factor is that suppliers of goods sold in swapmeets—importers and wholesalers—are often Korean immigrants, providing the prospective swapmeet operator with readier access to his or her wares. Finally, because Korean immigrants already have a foothold in this business, it is easier for new entrants to learn the business than non-Koreans.

Opening an indoor swapmeet booth is more difficult than opening an outdoor booth. The capital requirements are much higher because of higher rents, a premium price for prime locations, and utility costs. According to several Korean managers and booth operators, at least $30,000 in start-up capital was required to open an indoor swapmeet booth in 1990. In a few cases, such as sock or cap stores, one might be able to start with as little as $3,000. As of 2000, however, start-up capital for indoor swapmeet vendors has increased to average of $50,000.

Ethnic preference among Koreans may help to explain why Korean immigrants dominate the indoor swapmeet business. For African Americans and Latinos, the lack of initial investment capital may be a more important obstacle to the entrance into this line of business. Compared to liquor stores or grocery markets, indoor swapmeets are a good investment. They generate good profits with a relatively small investment. They require shorter hours of operation, typically from 10 a.m. to 7 p.m. They provide a safe environment for conducting business. Finally, they afford the vendors a neighborhood atmosphere, where they converse with fellow Korean American merchants.

Economic Niche

The restructuring of the United States economy during the late 1970s and early 1980s has created opportunities for small investors to successfully compete against large department stores. During that period, the gap between rich and poor increased, while the middle class shrank.[21] In Los Angeles this was in part due to plant closings in the automobile, steel and rubber industries. The African American community was especially hard-hit by these developments, as decent paying jobs in these industries gave way to rising unemployment. Meanwhile, recent Latino immigrants found themselves funneled into minimum wage jobs in the garment industry and service sector. Los Angeles has experienced a "widening divide" between affluent, generally white, professionals and managers, and poor, working class people of color.[22]

Large department stores were slow to adapt to rapidly changing economic conditions. Large department stores that had catered to the middle class found their profits shrinking. Many stores left African American and Latino neighborhoods during the 1960s and 1970s because they were unable to cope with the rising costs and risks. For example, as mentioned above, Sears Roebuck closed

a store in Compton in 1978, which later became the locus of an indoor swapmeet. The combination of department stores leaving these neighborhoods and their inability to adapt quickly to a changing clientele created a niche for Korean entrepreneurs to establish indoor swapmeets in Latino and African American neighborhoods.

Gradually, large U.S. retailers began to adapt to the changing market. During the 1980s, Wal-Mart, K-Mart, Target and other large chain stores adopted new sales policies of selling relatively good quality goods at low prices. In 1989, Sears Roebuck Company announced a new sales policy with a slogan of "everyday low-prices." Sears reduced the price of all its items unilaterally in order to boost sales.

Indoor swapmeets no longer enjoy price advantages with large U.S. retail stores and have suffered with lower sales volumes in recent years. Since indoor swapmeet stores are now competing for the same customers by "selling reasonably good quality products at cheap prices," it is increasingly difficult for small indoor swapmeet vendors to compete with larger chain stores. Swapmeet stores are no longer able to retail brand-name clothes such as Guess, Levis, and Lee. Many swapmeet storeowners believe that manufacturers were pressured by large retail department chains stores not to sell brand-name items to indoor swapmeet vendors.[23] Recently, some Korean businessmen have established a Swap Mall. This is a combination of a shopping mall and a swapmeet. The Swap Mall is clean and equipped with the modern facilities of a shopping mall, such as escalators, elevators, a children's playground, a food center, and a stage. At the same time it retains the swapmeet characteristics of selling quality goods at low-prices.

The globalization of the economy has also played a part in the proliferation of swapmeets in Los Angeles. Swapmeets flourished during the years of a tremendous growth in imports from Asia. Large quantities of certain imports, such as garments, shoes, and electronic products, are imported from South Korea, Taiwan, and other Asian nations. Swapmeets have become significant retail outlets for these imports. It is important to note that some imported items from Asia are knock-offs or copies of brand-name products. According to one interviewee, the previous owner of a South Central Los Angeles swapmeet building: "It is inevitable that copies of brand names will be made as long as there is a demand for them. Since brand names are expensive, lower class and poor people cannot afford them. If the brand name corporations make cheaper items, the fakes will disappear."[24] One indoor swapmeet operator commented that he plans to propose this idea to some corporations. He wants to become a Los Angeles distributor of low-cost, brand-name items. He believes this is the only way to prevent the making of copies.

Swapmeets are linked not only to the rise in imports but also to the burgeoning garment industry in Los Angeles. The fact that Korean immigrants are playing a large and growing role as contractors and wholesalers in the industry provides a useful connection for Korean swapmeet operators, who buy cheap garments from Korean garment producers in order to retail them in swapmeets.

Swapmeet Competition and Exploitation

In some ways, indoor swapmeets resemble department stores. One important difference is that the individually run booths may duplicate each other's items. This can lead to cutthroat competition. As one interviewee put it, "If they can make money, Korean American merchants will do anything, even if it destroys fellow Korean merchants." Some items are being sold at or near cost. "We sell caps at $10.00, but some sell the same item for $8.00, although we bought the same cap from the wholesaler for $7.25."[25]

Sometimes this business competition turns into a personal battle between merchants. If one Korean American merchant believes that he is being undercut unfairly by another, he may be willing to engage in an all-out war against the other merchant. Said one respondent: "I don't care if I lose lots of money. I am going to teach him a lesson."[26] Some Korean American merchants complain that competition between Korean American merchants is a more serious problem than conflicts that arise with customers.

As previously mentioned, the utilization of ethnic and class resources to establish businesses, to obtain business related information, and to expand businesses is very common among Korean immigrants. However, equally important is the exploitation of new immigrants by already well established Korean immigrants in the form of fraudulent contracts and high-interest loans. This is in part a product of the highly competitive environment among Korean merchants.

Another major problem facing Korean American vendors involves the contractual relationship with the building owner. In one case, a Jewish building owner had converted a storage build-

ing into a swapmeet one month before Christmas. A month later he suddenly closed it, forcing all the vendors to close without compensation. *Korea Times* quoted attorney Tyson Park: "Korean American merchants have legal rights and sufficient reason to sue and receive adequate compensation from the building owner, but many Korean American merchants can not afford the legal expense or to wait several years to settle the case."[27] Korean immigrants are vulnerable and exploitable by building owners in part because they are not familiar with the legal system and because they suffer a language handicap.

A few days later, *Korea Times* again reported a story of irregularities concerning booth rentals in an indoor swapmeet. The building owner received advance payments from potential tenants, but some had not acquired proper permits from the city. One potential tenant paid $30,000 in advance to the owner and found it was not refundable. It is reasonable to assume that there are many unreported cases of fraudulent contract agreements between Korean American vendors and management of swapmeets.[28]

A third problem confronting Korean American indoor swapmeet operators concerns rents. The operators often complain about high rents, which typically range from $3.50 to $5.50 per square foot. The size of a single booth is usually 10 by 10 feet, leading to a rental charge of $350 to $550 per month. Since most Korean indoor swapmeet vendors usually rent at least two or three booths in order to adequately display their wares, rents can range from $700 to $1,650. These rates are much higher than the average rents paid in Koreatown or the Wilshire business district.[29] In particular, the rent is very high for indoor swapmeets that are located in depressed African American and Latino neighborhoods. In recent years, the rental fee for vendor space has gone up to $2-$7 per square feet, depending on the location of the indoor swapmeet.

Relations with Clientele

Relations between Korean swapmeet vendors and their clientele can be seen in two different lights. The development of swapmeets can be seen as contributing to blighted inner city neighborhoods and offering residents much needed, low-cost goods. On the other hand, this development can be seen as basis for friction between ethnic groups as Korean merchants are perceived as outsiders taking over the economic base of African American and Latino communities in South Central Los Angeles.

According to some Korean American swapmeet operators, the development of indoor swapmeets has had a positive economic impact and contributed to the revitalization of rundown, inner city neighborhoods. A previous operator in Compton Fashion Swapmeet reports: "There used to be maybe five stores in the area when the Compton Fashion indoor swapmeet was opened. Now there are several car dealerships as well." The president of the Compton Fashion Swapmeet proudly states: "Before 1985, there were no full service shopping facilities in the Compton area. Now the Compton Fashion Center provides a friendly environment, a place where elderly people can meet, and convenient shopping for customers of all ages."[30] The properly values of the buildings and houses near the swapmeet have risen sharply. The swapmeet, it is claimed, has turned a run-down neighborhood into an economically thriving business community.

The Slauson indoor swapmeet provides another example of the presumed economic contribution to the local community. In 1986, the building in which it is located was valued at $1.2 million. A few years later, the African American owner sold it to a new buyer for about $5.5 million. Perhaps some of this profit was circulated to the African American community, but whatever the case, the increased value of the building suggests a more general rise in land values in the vicinity.

Apart from large-scale economic benefits, Korean owners and operators claim that they are providing benefits to their clientele. According to an operator of a women's clothing booth, because each booth is independently owned and operated, customers receive personalized attention. This is enhanced by the intense competition between vendors, each trying to lure the customers to her or his booth. Korean American vendors rely on providing personal services as a means of competing more effectively. One interviewee stated: "Where else could they get such royal treatment from a merchant?"[31]

Customers usually do not have to worry that a store will be out of stock of items they are looking for, according to Korean American merchants. Shopping malls and department stores may run out of particular items, but this is much less likely in indoor swapmeets. Each vendor usually carries a variety of items, and if he runs out, the customer is likely to be able to find them at another booth. Indoor swapmeets are very convenient places to shop because of their location, cheap price, and variety of merchandise.

Another benefit, according to Korean American operators, is that indoor swapmeets have created a kind of park, where residents can enjoy a pleasant atmosphere. African American customers feel comfortable because the majority of customers are fellow African Americans. It is common to see families walking around and stopping at a snack bar to enjoy hot dogs and sodas. Many customers respond positively to the soul music emanating from the speakers. Indoor swapmeets have adequate security protection, thereby providing customers with a safe, friendly, and comfortable environment for the whole family, in contrast to outer public areas in the neighborhood. In addition, indoor swapmeets have become a favorite hangout for young people.

Despite these positive aspects, indoor swapmeets have been the locus of many altercations between Korean merchants and their customers. According to a number of Korean merchants, the most common problem is a misunderstanding over exchanging or getting a refund for an item. More importantly, domination of swapmeet businesses by Korean immigrants raises fundamental questions around issues of community control.

Korean American merchants complain about inappropriate behaviors by certain African American customers: "A customer brought back tennis shoes one month after he purchased them. He demanded his money back, claiming that the shoes were defective. The shoes were already dirty and worn down, and I refused to give a refund or an exchange. I don't understand. How should I interpret this behavior?"[32]

Despite the fact that most swapmeet vendors post "No refunds, exchange only" signs in front of their booths, some customers demand a cash refund. Inevitably these demands lead to conflicts between the merchant and the customer. From the customer's point of view, they have a right get a refund, as they would in a department store. Korean American merchants counter that they cannot afford to give refunds because there is too much competition among merchants. As one Korean American merchant put it:

> Sometimes a customer wants a refund after he has bought the same item from another vendor at a lower price. There is always someone willing to sell the item for less. If a customer is genuinely dissatisfied with the product and gives me a reasonable explanation for wanting to return, I will usually give him a refund, just to avoid a confrontation. But very few customers are like that. Many are rude, aggressive, and have a total disregard for me. I don't want to give refunds to such customers.[33]

The issuing of warranties is another problem area, causing friction between merchants and their clientele. Department stores generally offer limited warranties. Swapmeet vendors are able to provide a manufacturer's warranty when it is offered, but do not provide a merchant's warranty. One Korean operator of an accessory booth claimed, "Some Black customers don't really understand the rules and regulations of how warranties really work."[34] For example, some customers insist that the inclusion of batteries should be covered by warranty. Sometimes the customer breaks the item but still insists on warranty protection. This same vendor remembers that an article had appeared in a local African American newspaper claiming, "Asian merchants do not provide a warranty to customers."

When an argument breaks out between a customer and a merchant, security guards or swapmeet office personnel usually handle it. Some African American groups have complained about this practice and demanded the hiring of an African American customer service representative to handle these disputes.

Two Korean American merchants I interviewed claimed that part of their difficulties stem from language problems. One female vendor said: "If I could speak English, I probably would not have to argue with so many customers. Even if I am really sincere, African American customers don't understand my true intention. I really regret when that happens."[35] Experienced Korean American merchants often avoid unnecessary confrontation by simply exchanging disputed items. Another vendor put it this way: "They are my customers. If I provide good service, they will come back to my booth."[36]

One may question if swapmeets, predominantly owned and operated by Korean immigrants, are really beneficial to the local community. Since most Korean immigrant vendors reside outside the South Central area, they are often perceived as "outsiders" who take advantage of poor inner city residents. In fact, one of the main reasons why many Korean immigrant-owned stores suffered damages during the 1992 Los Angeles civil unrest was the perception that Korean immigrants "exploited" and "profited" at the expense of inner city community residents. Indeed, there seems to be a fundamental discrepancy between how Korean immigrant merchants and African American and Latino residents perceive "community." For Korean immigrant merchants, South

Central Los Angeles is a place to do business and a center of economic activities. On the other hand, predominantly African American and Latino residents have political, cultural, educational, and economic stakes in where they live. The Black-Korean Alliance (BKA) attempted to improve relations between Korean Americans and African Americans during the height of tensions. Yet, BKA was not able to deal effectively with the gap between Korean immigrant merchants and residents in how they perceived "community." At times, BKA members could not agree on how to improve relations between the two communities due to different notion of community.

To what extent are Korean immigrant merchants willing to raise the stakes and become part of the "community" beyond the economic center? Because South Central Los Angeles is no longer a predominantly African American community, Korean merchants, African Americans, and Latinos must build and share a common agenda to create a new sense of community. Korean immigrant merchants in particular must take more proactive steps and contribute to the economic, cultural, and educational development of the African American and Latino communities in South Los Angeles.

Post-Los Angeles Civil Unrest

The Los Angeles city council proposed and passed an ordinance requiring indoor swapmeet stores, along with liquor stores, gun shops and pawnshops, to go through elaborate public hearings and bureaucratic processes to rebuild burnt-down stores. The Planning Commission argued that existing and future indoor swapmeets have negatively affected local residents because of inadequate parking facilities, traffic congestion, noise and littering problems. Public reaction against this new ordinance was mixed. Many residents of South Central Los Angeles favored a new city ordinance that regulated the reopening of burnt down liquor stores and pawnshops. However, many were puzzled why indoor swapmeet stores were required to go through the same public hearing processes along with liquor stores and pawn shops to rebuild. The Los Angeles city council was forced to drop swapmeet stores from the new city ordinance requirements because of strong resistance from swapmeet storeowners and negative public reactions.

However, the city of Los Angeles proposed another set of new regulations regarding indoor swapmeet stores in the city. The ordinance required all food services to be located within a building with no drive-through fast food establishments and a minimum of five parking spaces per 1000 square feet of floor area.[37]

Indoor swapmeet storeowners, mostly Korean Americans, believed that the new ordinance posed a direct threat to their livelihood. No doubt the newly proposed city ordinance would have had widespread negative impact to all existing and future indoor swapmeets. The proposed city ordinance required strict parking space requirements of one parking space for each 100 square feet of floor area or ten parking spaces for each 1,000 square feet of floor area. The City Planning Commission proposed less stringent parking space requirements to a ratio of seven spaces per 1,000 square feet in the second proposal.[38] To appease negative public reactions and angry protests from indoor swapmeet owners, the City Planning Commission proposed a modified ordinance by reducing the required parking spaces to five parking spaces for every 1,000 square feet of floor area.[39] It is important to note that the general retail commercial requirement is four spaces for each 1,000 square feet of floor area in the city of Los Angeles.

Controversy over the rebuilding of liquor and indoor swapmeet stores in Los Angeles heightened racial tensions between Korean American and African American communities. African American city council members were leading advocates for regulating liquor and indoor swapmeet stores in South Central Los Angeles. On the other hand, the Korean American community began to mobilize its resources to protest new regulations and to protect their interests.

The critical issue is how to construct common grounds for both communities. We must recognize the rights of residents to control the rebuilding process and take steps to improve their quality of life. Equally important is the recognition of rights of Korean American merchants to make a living as entrepreneurs in the community. Under these conditions, what is the role of local and state government agencies and its policies toward minority-owned businesses? To what extent are government agencies responsible for forging common grounds or public spaces for parties involved? How does government view economic exchanges between minorities?

Racial and Economic Policies

During the past two decades, non-white populations have increased dramatically throughout the United States. Accordingly,

public policymakers are faced with meeting the needs of the rapidly growing and diverse population. Traditionally, public policies have been set up and formulated to deal with white and black populations. The new public policy must focus on how to create common grounds for an increasingly diverse society. Policymakers must develop both short-term and long-terms strategies to help alleviate economic and racial problems facing minority groups.[40] Ong and Umemoto proposed four principles in formulating public policies: fairness, humanitarianism, government efficiency, and economic viability.[41] To formulate policies that are sensitive to the ethnic diversity and the need to develop a common agenda, policymakers must consider following factors:

1) Recognize community control over development and rebuilding of burnt down indoor swapmeet stores.

2) Expedite Planning Commission permits and the hearing process to help the rebuilding process and reduce conflict.

3) Go beyond the white/black race relations paradigm and frame policies with respect to their impact on minority-minority relations.

4) Repudiate and challenge the increasing racialization of politics. Race-based politics will only polarize our society along racial and class lines.

5) Allocate resources and energies to revitalize the inner-city economy. Policymakers provide incentives for joint ventures between minority groups (Korean Americans, Latinos, and African Americans). Policymakers must devise action plans that facilitate the cooperation between public and private sectors to revitalize and rebuild inner-city economic structures.

Conclusion

The evolution of the swapmeet business, from outdoor swapmeets to indoor swapmeets and now to swap malls, illustrates the creative role that Korean immigrants are playing in altering the retailing landscape of Los Angeles. They are developing innovative ways for providing cheap quality goods to consumers and thereby building a strong economic base for Korean immigrant community.

However, these innovations are not without their problems. On the one hand, Korean immigrant swapmeet operators dangerously skirt the laws by selling knock-off brand-name imports. The very low prices they are able to offer, often a product of in-group competition, can pose a problem to established white retailers, who are forced to change their practices to meet Korean American competition. For example, Korean American merchants seem to be able to adopt to the consumption patterns of Latino immigrants better than white merchants as Korean American merchants are slowly replacing white businesses in heavily Latino areas in one section of the San Fernando Valley.

Other sources of friction with clientele have emerged in swapmeets, which are located in poor African American and Latino neighborhoods. Still, indoor swapmeets provide these neighborhoods with alternative forms of affordable retail. Indoor swapmeets fill a niche vacated by department stores, enabling ghetto and barrio residents to gain easier access to budget items.

The evolution of swapmeets needs to be understood in the context of the restructuring of the Pacific Rim economy. The polarization of Los Angeles along class and racial lines has created the need for budget stores in poor neighborhoods of color. At the same time certain Asian countries have developed as exporters of low cost, manufactured products, many of which are being imported into the United States. Korean swapmeet operators help bring these two trends together by distributing cheap imports to poorer neighborhoods. However, Korean immigrant merchants must pursue ways of becoming part of local community rebuilding efforts such as economic joint-venture programs in South Los Angeles. Both the businesspeople and inhabitants of these communities must be sensitive and responsive to policymakers. Both at the state and local levels, policymakers must formulate public policies that can adequately address complex and conflicting issues facing multiracial communities.

Notes

1. I wish to express special thanks and gratitude to my mentor and colleague Edna Bonacich of UC Riverside for providing valuable comments and assistance in revisions of my earlier draft and to anonymous *Amerasia* reviewers.

2. *Joong-Ang Ilbo*, May 11, 1992.

3. According to the *Joong-Ang Ilbo* report, 385 Korean American-owned swapmeets were looted or burned down during the civil unrest. It accounts for almost 17 percent of the total damages suffered by Korean American merchants. It is also important to mention that almost 50 percent (191) of the swapmeets were totally destroyed.

4. To protect the identities of interviewees, all names herein are pseudonyms.

5. See Won Moo Hurh and Kwang Chung Kim, "Korean Immigrants in the Chicago Area: A Sociological Study of Migration and Mental Health," Interim Report Prepared for National Institute of Mental Health U.S. Department of Health and Human Services, Department of Sociology and Anthropology, Western Illinois University, 1987; Illsoo Kim, *New Urban Immigrants: The Korean Community in New York* (Princeton: Princeton University Press, 1981); Ivan Light and Edna Bonacich, *Immigrant Entrepreneurs* (Berkeley: University of California Press, 1988); Pyong Gap Min, *Ethnic Business Enterprise: Korean Small Business in Atlanta* (New York: Center for Migration Studies, 1988). The Korean American Grocers Association (KAGRO) estimates that there are close to 30,000 Korean-owned stores in the United States according to a survey conducted by BMI and KDT. *The Korea Central Daily* reported (February 24, 1996) that there are 12,175 Korean-owned cleaners in the United States, which represents 25 percent of all cleaners in the United States.
6. Illsoo Kim; Ivan Light, *Ethnic Enterprise in America: Business and Welfare Among Chinese, Japanese and Blacks* (Berkeley: University of California Press, 1972).
7. Roger Waldinger, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York: New York University Press, 1986).
8. Edna Bonacich and John Modell, *The Economic Basis of Ethnic Solidarity: Small Business in the Japanese American Community* (Berkeley: University of California Press, 1980).
9. Howard Aldrich and A. Reiss, "Continuities in the Study of Ecological Succession: Changes in the Race Composition of Neighborhoods and Their Businessmen," *American Journal of Sociology* 81 (1976), 846-866.
10. Ku-Sup Chin, In-Jin Yoon, and David Smith, "Immigrant Small Business and International Economic Linkage: A Case of the Korean Wig Business in Los Angeles, 1968-1977," *International Migration Review* 30:2 (Summer 1996), 485-501.
11. S.K. Yoo, telephone interview by Edward Chang, March 2, 2004.
12. Los Angeles City Planning Department Staff Report to the City Planning Commission, August 6, 1992.
13. S.K. Yoo, telephone interview by Edward Taehan Chang, February 12, 2004.
14. *Korea Times*, October 2, 1990.
15. S.K. Yu, interview by Edward Taehan Chang, November 18, 1994.
16. J.H. Chun, interview by Edward Taehan Chang, September 12, 1992.
17. Alejandro Portes and Saskia Sassen-Koob, "Making It Underground: Comparative Material on the Informal Sector in Western Market Economies," *American Journal of Sociology* 93:1 (July 17, 1987), 30-61.
18. *Ibid*, 48.
19. This estimate is based on mid-1980 dollar value. In the 1990s, the costs of start-up capital may have risen considerably due to the high inflation rates.
20. Bonacich and Modell; Light; Illsoo Kim; Min.
21. Kevin Philip, *The Politics of Rich and Poor: Wealth and the American Electorate in the Reagan Aftermath* (New York: Random House, 1990); Andrew Hacker, *Two Nations: black and white, separate, hostile, unequal* (New York: Scribner's, 1992); Barry Blueston and Bennett Harrison, *The Deindustrialization of America* (New York: Basic Books Inc., 1982).
22. Paul Ong et al., *The Widening Divide: Income Inequality and Poverty in Los Angeles* (Los Angeles: UCLA Urban Planning Department).
23. S.K. Yu.
24. I.S. Chung, interview by Edward Taehan Chang, May 12, 1989.
25. J.W. Kim, interview by Edward Taehan Chang, May 17, 1989.
26. S.K. Yoo, interview by Edward Taehan Chang, August 9, 1988.
27. *The Korea Times Los Angeles Edition*, January 20, 1990.
28. *The Korea Times Los Angeles Edition*, January 31, 1990.
29. Recently, the rent decreased significantly due to the sagging economy and the negative effect of the Los Angeles civil unrest of 1992.
30. M.S. Park, interview by Edward Taehan Chang, June 27, 1989.
31. M.K. Lee, interview by Edward Taehan Chang, July 28, 1989.
32. *Ibid.*
33. M.S. Park.
34. *Ibid.*
35. J.W. Kim.
36. W.S. Chang, interview by Edward Taehan Chang, May 22, 1989.
37. City Ordinance File No. 92-0011, November 14, 1994.
38. The Second Supplemental Staff Report to the City Planning Commission, August 6, 1992.
39. The City Planning Commission Report, October 28, 1992.
40. For more detailed information about policy issues facing Asian American communities, see *The State of Asian Pacific America: Policy Issues to the Year 2000* (Los Angeles: LEAP Asian Pacific American Public Policy Institute and UCLA Asian American Studies Center, 1993).
41. Paul Ong and Karen Umemoto, "Diversity Within a Common Agenda," in Paul Ong, ed., *Economic Diversity, Issues and Policies: A Public Policy Report* (Los Angeles: LEAP Asian Pacific American Public Policy Institute and UCLA Asian American Studies Center, 1994), 274-275.